



ANNUAL STATEMENT
For the Year Ending December 31, 2011
OF THE CONDITION AND AFFAIRS OF THE
McLAREN HEALTH PLAN, INC

NAIC Group Code	4700 (Current Period)	4700 (Prior Period)	NAIC Company Code	95848	Employer's ID Number	383383640
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	09/12/1997		Commenced Business	08/01/1998		
Statutory Home Office	G-3245 Beecher Rd. (Street and Number)		FLINT, MI 48532 (City or Town, State and Zip Code)			
Main Administrative Office			G-3245 Beecher Rd. (Street and Number)			
	FLINT, MI 48532 (City or Town, State and Zip Code)		(810)733-9723 (Area Code) (Telephone Number)			
Mail Address	G-3245 Beecher Rd. (Street and Number or P.O. Box)		FLINT, MI 48532 (City or Town, State and Zip Code)			
Primary Location of Books and Records			G-3245 Beecher Rd. (Street and Number)			
	FLINT, MI 48532 (City or Town, State and Zip Code)		(810)733-9723 (Area Code) (Telephone Number)			
Internet Website Address	www.mclarenhealthplan.org					
Statutory Statement Contact	CHERYL WESTOBY (Name)		(810)733-9723 (Area Code)(Telephone Number)(Extension)			
	cheryl.westoby@mclaren.org (E-Mail Address)		(810)733-9652 (Fax Number)			

OFFICERS

Name	Title
KATHY KENDALL	President
KEVIN TOMPKINS	Chairman
DON KOOY	Secretary
DAVE MAZURKIEWICZ	Treasurer
CAROL SOLOMON	Assistant Treasurer #
KATHY KUDRAY D.O.	Chief Medical Officer #

OTHERS

DIRECTORS OR TRUSTEES

KATHY KENDALL RONALD SHAHEEN D.O. DENNIS LAFOREST DAVE MAZURKIEWICZ	DON KOOY KEVIN TOMPKINS PATRICK HAYES LAKISHA ATKINS
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State of Michigan
County of Genesee ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) KATHY KENDALL (Printed Name) 1. President (Title)	(Signature) DAVE MAZURKIEWICZ (Printed Name) 2. Treasurer (Title)	(Signature) CAROL SOLOMON (Printed Name) 3. Assistant Treasurer (Title)
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Subscribed and sworn to before me this day of , 2012	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[]
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(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)				
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks	21,145,540	3,115	21,142,425	17,898,510
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)	2,738,513		2,738,513	2,959,988
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....(4,404,003) Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....103,406,873 Schedule DA)	99,002,870		99,002,870	98,229,158
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets	439,045	280,873	158,172	119,090
12.	Subtotals, cash and invested assets (Lines 1 to 11)	123,325,968	283,988	123,041,980	119,206,746
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	14,581		14,581	15,248
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	779,976		779,976	510,153
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	353,336		353,336	448,208
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset				
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	137,925	12,989	124,936	64,364
21.	Furniture and equipment, including health care delivery assets (\$.....0)	280,754	280,754		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	997,152	12,484	984,668	703,253
24.	Health care (\$.....1,715,162) and other amounts receivable	1,720,554		1,720,554	3,367,334
25.	Aggregate write-ins for other than invested assets				
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	127,610,247	590,216	127,020,031	124,315,304
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	127,610,247	590,216	127,020,031	124,315,304
DETAILS OF WRITE-INS					
1101.	INVENTORY	17,621	17,621		
1102.	DEFERRED CHARGES EQUIP FEES	21,621	21,621		
1103.	PREPAID EXPENSES	241,631	241,631		
1198.	Summary of remaining write-ins for Line 11 from overflow page	158,172		158,172	119,090
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	439,045	280,873	158,172	119,090
2501.	.....			
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	35,767,899		35,767,899	35,223,559
2.	Accrued medical incentive pool and bonus amounts	3,125,581		3,125,581	3,194,228
3.	Unpaid claims adjustment expenses	962,014		962,014	854,064
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	169,028		169,028	3,239,830
9.	General expenses due or accrued	1,964,849		1,964,849	1,913,055
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	194,555		194,555	66,107
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	1,441,605		1,441,605	1,147,635
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20.	Reinsurance in unauthorized companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)	1,001,658		1,001,658	581,382
24.	TOTAL Liabilities (Lines 1 to 23)	44,627,189		44,627,189	46,219,861
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X		
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	1,140,000	1,140,000
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	81,252,843	76,955,444
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	82,392,843	78,095,444
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	127,020,032	124,315,304
DETAILS OF WRITE-INS					
2301.	ACCRUED PENSION	684,402		684,402	581,382
2302.	OVERPAYMENT FROM MDCH FOR MATERNITY CASE RATE	317,256		317,256	
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,001,658		1,001,658	581,382
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,107,698	1,073,558
2.	Net premium income (including \$.....0 non-health premium income)	X X X	312,289,950	302,633,809
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(1,230,471)	(1,200,991)
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	311,059,479	301,432,817
Hospital and Medical:				
9.	Hospital/medical benefits		210,333,868	209,962,112
10.	Other professional services		2,904,514	2,437,097
11.	Outside referrals			
12.	Emergency room and out-of-area		11,605,644	10,239,701
13.	Prescription drugs		32,532,592	29,439,704
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		2,101,309	2,324,388
16.	Subtotal (Lines 9 to 15)		259,477,928	254,403,001
Less:				
17.	Net reinsurance recoveries		931,279	1,166,200
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		258,546,649	253,236,801
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....519,788 cost containment expenses		2,598,939	2,084,395
21.	General administrative expenses		27,487,737	27,284,835
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		288,633,325	282,606,031
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	22,426,154	18,826,786
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		(460,553)	(321,809)
26.	Net realized capital gains (losses) less capital gains tax of \$.....0		1,029	(10,955)
27.	Net investment gains (losses) (Lines 25 plus 26)		(459,524)	(332,764)
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	21,966,630	18,494,022
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	21,966,630	18,494,022
DETAILS OF WRITE-INS				
0601.	OTHER HEALTH CARE RELATED REVENUE	X X X	17,028	17,815
0602.	MPCA	X X X	(1,247,499)	(1,274,048)
0603.	QAAP TAX	X X X		55,242
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(1,230,471)	(1,200,991)
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	.....		
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	LOSS ON SALE OF EQUIPMENT			
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	78,095,444	69,822,552
34.	Net income or (loss) from Line 32	21,966,630	18,494,022
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	57,108	700,632
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	49,836	302,062
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders	(18,000,000)	(11,000,000)
47.	Aggregate write-ins for gains or (losses) in surplus	223,824	(223,824)
48.	Net change in capital and surplus (Lines 34 to 47)	4,297,398	8,272,891
49.	Capital and surplus end of reporting year (Line 33 plus 48)	82,392,842	78,095,444
DETAILS OF WRITE-INS			
4701.	PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	223,824	(223,824)
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	223,824	(223,824)

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	308,950,213	305,588,198
2.	Net investment income	(459,886)	(318,459)
3.	Miscellaneous income	(1,322,961)	(1,198,256)
4.	Total (Lines 1 through 3)	307,167,366	304,071,484
5.	Benefit and loss related payments	256,339,863	250,804,755
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	29,926,932	29,154,576
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	286,266,795	279,959,331
11.	Net cash from operations (Line 4 minus Line 10)	20,900,571	24,112,153
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks	35,272	291,182
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	221,475	333,582
12.8	Total investment proceeds (Lines 12.1 to 12.7)	256,746	624,764
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		
13.2	Stocks	3,197,689	9,148,063
13.3	Mortgage loans		
13.4	Real estate		26,907
13.5	Other invested assets		
13.6	Miscellaneous applications	0	
13.7	Total investments acquired (Lines 13.1 to 13.6)	3,197,689	9,174,969
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,940,943)	(8,550,205)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders	18,000,000	11,000,000
16.6	Other cash provided (applied)	814,085	332,078
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(17,185,915)	(10,667,922)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	773,713	4,894,026
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	98,229,158	93,335,132
19.2	End of year (Line 18 plus Line 19.1)	99,002,870	98,229,158

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	312,289,950	56,208,922						256,081,028		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues	(1,230,471)							(1,230,471)		X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	311,059,479	56,208,922						254,850,557		
8.	Hospital/medical benefits	210,333,868	39,465,805						170,868,063		X X X
9.	Other professional services	2,904,514	854,029						2,050,486		X X X
10.	Outside referrals										X X X
11.	Emergency room and out-of-area	11,605,644	1,781,739						9,823,905		X X X
12.	Prescription drugs	32,532,592	7,637,476						24,895,117		X X X
13.	Aggregate write-ins for other hospital and medical										X X X
14.	Incentive pool, withhold adjustments and bonus amounts	2,101,309	(27)						2,101,335		X X X
15.	Subtotal (Lines 8 to 14)	259,477,928	49,739,022						209,738,906		X X X
16.	Net reinsurance recoveries	931,279	810,334						120,945		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	258,546,649	48,928,688						209,617,961		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....519,788 cost containment expenses	2,598,939	376,019						2,222,920		
20.	General administrative expenses	27,487,737	5,515,284						21,972,453		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	288,633,325	54,819,991						233,813,334		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	22,426,154	1,388,931						21,037,224		
DETAILS OF WRITE-INS											
0501.	Other Health Care Related Revenue	17,028							17,028		X X X
0502.	MPCA	(1,247,499)							(1,247,499)		X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(1,230,471)							(1,230,471)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	.....										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical)	57,340,384		1,131,462	56,208,922
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid	256,439,009		357,981	256,081,028
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	313,779,393		1,489,443	312,289,950
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	313,779,393		1,489,443	312,289,950

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	254,876,726	48,135,507						206,741,219		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	931,279	810,334						120,945		
1.4 Net	253,945,447	47,325,173						206,620,274		
2. Paid medical incentive pools and bonuses	3,194,228	27						3,194,201		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	35,767,899	7,759,382						28,008,517		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	35,767,899	7,759,382						28,008,517		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	3,125,581							3,125,581		
6. Net healthcare receivables (a)	(1,646,780)							(1,646,780)		
7. Amounts recoverable from reinsurers December 31, current year ..	353,336	353,336								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	35,223,559	6,424,632						28,798,927		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	35,223,559	6,424,632						28,798,927		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	3,194,228	27						3,194,201		
11. Amounts recoverable from reinsurers December 31, prior year	448,207	409,679						38,528		
12. Incurred benefits:										
12.1 Direct	257,067,845	49,470,257						207,597,589		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	836,408	753,991						82,416		
12.4 Net	256,231,438	48,716,265						207,515,172		
13. Incurred medical incentive pools and bonuses	3,125,581							3,125,581		

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	21,778,426	2,144,062						19,634,364		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	21,778,426	2,144,062						19,634,364		
2. Incurred but Unreported:										
2.1 Direct	13,989,473	5,615,320						8,374,153		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	13,989,473	5,615,320						8,374,153		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	35,767,899	7,759,382						28,008,517		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	35,767,899	7,759,382						28,008,517		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	4,701,039	43,434,468		7,759,382	4,701,039	6,424,631
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	22,965,792	183,775,427		28,008,518	22,965,792	28,798,927
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	27,666,831	227,209,895		35,767,900	27,666,831	35,223,558
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	3,194,288			3,125,581	3,194,288	3,194,288
13.	TOTALS (Lines 9 - 10 + 11 + 12)	30,861,119	227,209,895		38,893,481	30,861,119	38,417,846

(a) Excludes \$.0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	14,313	14,313	14,313	14,313	14,313
2.	2007	124,176	138,862	138,862	138,862	138,862
3.	2008	X X X	146,048	168,511	168,511	168,511
4.	2009	X X X	X X X	200,067	229,951	229,951
5.	2010	X X X	X X X	X X X	221,276	252,137
6.	2011	X X X	X X X	X X X	X X X	227,209

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	14,313	14,313	14,313	14,313	14,313
2.	2007	141,166	138,862	138,862	138,862	138,862
3.	2008	X X X	171,975	168,511	168,511	168,511
4.	2009	X X X	X X X	236,408	229,951	229,951
5.	2010	X X X	X X X	X X X	259,694	252,137
6.	2011	X X X	X X X	X X X	X X X	266,102

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2007	167,083	138,862	1,262	0.908	140,124	83.865			140,124	83.865
2.	2008	205,853	168,511	2,028	1.204	170,539	82.845			170,539	82.845
3.	2009	272,218	229,951	2,107	0.916	232,058	85.247			232,058	85.247
4.	2010	303,853	252,137	1,552	0.615	253,689	83.491			253,689	83.491
5.	2011	313,779	227,209	2,122	0.934	229,331	73.087	38,893	962	269,186	85.788

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	41	41	41	41	41
2.	2007	5,474	6,564	6,564	6,564	6,564
3.	2008	X X X	11,106	14,033	14,033	14,033
4.	2009	X X X	X X X	26,003	29,631	29,631
5.	2010	X X X	X X X	X X X	34,962	39,663
6.	2011	X X X	X X X	X X X	X X X	43,434

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	41	41	41	41	41
2.	2007	7,109	6,564	6,564	6,564	6,564
3.	2008	X X X	14,490	14,033	14,033	14,033
4.	2009	X X X	X X X	31,847	29,631	29,631
5.	2010	X X X	X X X	X X X	41,387	39,663
6.	2011	X X X	X X X	X X X	X X X	51,193

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2007	6,062	6,564	76	1.160	6,640	109.537			6,640	109.537
2.	2008	15,267	14,033	571	4.068	14,604	95.656			14,604	95.656
3.	2009	31,784	29,631	621	2.096	30,252	95.180			30,252	95.180
4.	2010	44,005	39,663	330	0.833	39,993	90.884			39,993	90.884
5.	2011	57,340	43,434	312	0.718	43,746	76.292	7,759	125	51,630	90.041

12 Hospital and Medical

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	14,272	14,272	14,272	14,272	14,272
2.	2007	118,702	132,298	132,298	132,298	132,298
3.	2008	X X X	134,942	154,478	154,478	154,478
4.	2009	X X X	X X X	174,064	200,320	200,320
5.	2010	X X X	X X X	X X X	186,314	212,474
6.	2011	X X X	X X X	X X X	X X X	183,775

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	14,272	14,272	14,272	14,272	14,272
2.	2007	134,057	132,298	132,298	132,298	132,298
3.	2008	X X X	157,485	154,478	154,478	154,478
4.	2009	X X X	X X X	204,561	200,320	200,320
5.	2010	X X X	X X X	X X X	218,307	212,474
6.	2011	X X X	X X X	X X X	X X X	214,909

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2007	161,021	132,298	1,185	0.896	133,483	82.898			133,483	82.898
2.	2008	190,586	154,478	1,457	0.943	155,935	81.819			155,935	81.819
3.	2009	240,434	200,320	1,486	0.742	201,806	83.934			201,806	83.934
4.	2010	259,848	212,474	1,221	0.575	213,695	82.239			213,695	82.239
5.	2011	256,439	183,775	1,810	0.985	185,585	72.370	31,134	837	217,556	84.837

12 Title XIX-Medicaid

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....1,108,996 for occupancy of own building)				1,108,996	1,108,996
2.	Salaries, wages and other benefits	353,645	1,414,581	5,032,645		6,800,871
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)			1,842,908		1,842,908
4.	Legal fees and expenses	1,532	6,129	21,805		29,466
5.	Certifications and accreditation fees					
6.	Auditing, actuarial and other consulting services			87,445		87,445
7.	Traveling expenses	1,338	5,353	19,045		25,737
8.	Marketing and advertising			262,104		262,104
9.	Postage, express and telephone	38,266	153,062	544,548		735,876
10.	Printing and office supplies	6,554	26,218	93,274		126,046
11.	Occupancy, depreciation and amortization			21,512		21,512
12.	Equipment	12,631	50,524	179,747		242,902
13.	Cost or depreciation of EDP equipment and software	3,939	15,757	56,059		75,755
14.	Outsourced services including EDP, claims, and other services	69,176	276,705	1,036,226		1,382,108
15.	Boards, bureaus and association fees	7,145	28,579	101,675		137,398
16.	Insurance, except on real estate			31,510		31,510
17.	Collection and bank service charges				88,790	88,790
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses				383,424	383,424
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			17,835,944		17,835,944
23.2	State premium taxes					
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes	19,152	76,608	272,549		368,309
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses	6,409	25,635	100,536		132,580
26.	TOTAL Expenses Incurred (Lines 1 to 25)	519,788	2,079,151	27,539,531	1,581,210	(a) 31,719,680
27.	Less expenses unpaid December 31, current year			1,964,849		1,964,849
28.	Add expenses unpaid December 31, prior year			1,913,055		1,913,055
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	519,788	2,079,151	27,487,737	1,581,210	31,667,886
DETAILS OF WRITE-INS						
2501.	Bad Debt			9,335		9,335
2502.	Misc	553	2,214	7,876		10,643
2503.	Professional Development	487	1,947	6,927		9,361
2598.	Summary of remaining write-ins for Line 25 from overflow page	5,368	21,474	76,398		103,240
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	6,409	25,635	100,536		132,580

(a) Includes management fees of \$.....1,426,395 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	147,740	162,155
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 1,137,996	1,137,996
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 34,386	41,980
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	1,320,122	1,342,131
11.	Investment expenses		(g) 1,581,210
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 221,475
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		1,802,685
17.	Net Investment income (Line 10 minus Line 16)		(460,553)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....1,108,996 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....1,581,210 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....221,475 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	1,029		1,029	(11,084)	
2.21	Common stocks of affiliates				68,192	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	1,029		1,029	57,108	
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks	3,115	26,475	23,360
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets	280,873	216,905	(63,968)
12.	Subtotals, cash and invested assets (Lines 1 to 11)	283,988	243,381	(40,608)
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection		888	888
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset			
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software	12,989	19,978	6,988
21.	Furniture and equipment, including health care delivery assets	280,754	362,995	82,241
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates	12,484	12,810	326
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets			
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	590,216	640,051	49,836
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	590,216	640,051	49,836
DETAILS OF WRITE-INS				
1101.	INVENTORY	17,621	16,040	(1,581)
1102.	DEFERRED CHARGES EQUIP FEES	21,621	13,647	(7,974)
1103.	PREPAID EXPENSE	241,631	165,705	(75,926)
1198.	Summary of remaining write-ins for Line 11 from overflow page		21,512	21,512
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	280,873	216,905	(63,968)
2501.	.....		
2502.	.....		
2503.	.....		
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	78,889	77,768	76,063	75,718	76,229	923,033
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service	13,029	13,897	15,043	16,339	17,198	184,665
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	91,918	91,665	91,106	92,057	93,427	1,107,698
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

McLaren Health Plan, Inc
December 31, 2011

1. Summary of Significant Accounting Policies

- A. The financial statements of McLaren Health Plan are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services. The statements have been completed in accordance with NAIC Accounting Practices and Procedures Manual except to the extent that Michigan law differs.
- B. Preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures Manual requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates exist relating to accrued health care costs. These estimates are actuarially determined and represent the Plan's best estimate of the level of claims to be paid applicable to 2011 or prior periods. Any future adjustments to these amounts will affect the reported results in the future periods.
- C. (1) Beginning with the 1st qtr 2008 report, short-term investments now includes the JPMorgan US Govt Mny Mkt Fd Capital that was previously listed under common stock on the 2007 annual statement.

Short-term investments are all highly liquid investments purchased with an original maturity of three months or less, are treated as cash equivalents. Stated at market value.

- (2) Bonds: None
- (3) Common Stock:

Equity Index Mutual Fund held with JPMorgan Chase, stated at fair market value.

Short Duration Mutual Bond Fund Ultra Class held with JPMorgan Chase, stated at fair market value.

- (4) Preferred Stock: None
- (5) Mortgage Loans: None
- (6) Loan-Backed Securities: None
- (7) Investments in Subsidiaries, Controlled and Affiliated Companies: The Plan is the Parent Corporation of Health Advantage, Inc., a licensed Michigan TPA. The Plan carries Health Advantage, Inc., at SSAP equity basis.

During 2010, the Plan also became the Parent Corporation of McLaren Health Plan Insurance Company. The Plan carries McLaren Health Plan Insurance Company at SSAP equity basis.

During 2011, the plan became the Parent Corporation for McLaren Health Plan Community. The Plan carries McLaren Health Plan Community at SSAP equity basis.

- (8) Investments in Joint Ventures, Partnerships, and Limited Liability Companies: None
- (9) Derivatives: None
- (10) Anticipated investment income is not a factor in the premium deficiency calculation.
- (11) Estimates of Liabilities for losses and loss/claim adjustment expenses are made by our independent actuary and are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principals, are based on actuarial assumptions relevant to contract provisions, and include appropriate provision for all actuarial terms that ought to be established.

Notes to Financial Statements

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss/lag reports, based on past experience, for losses incurred but not reported.

The methods for making such estimates and for establishing the resulting liability, are continually reviewed and any adjustments are reflected in the period determined.

- (12) Capitalization policy and the resultant predefined thresholds did not change from the prior period.
- (13) Pharmaceutical rebates receivables are derived from actual confirmed receipts from the PBM.

2. Accounting Changes and Corrections of Errors

A prior period adjustment was made in the 1st qtr 2011 statements, related to the treatment of amounts due to affiliates and aggregate write-in for gains or losses in surplus on the statement of changes in capital and surplus of \$223,824.

Beginning 1st qtr 2011, there is a reclassification of the JPMorgan Prime Money Market Funds Agency Shares. Short-term investments now include these funds which were previously listed under Cash. On Schedule D, Part 1B, Schedule DA, Part 1 and on Schedule DA Verification, beginning balances as of 12/31/10, have been adjusted to accommodate this reporting change.

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans: None
- B. Debt Restructuring: None
- C. Reverse Mortgages: None
- D. Loan-Backed Securities: None
- E. Repurchase Agreements: None
- F. Real Estate: None
- G. Low-Income Housing Tax Credits (LIHTC): None

6. Joint Ventures, Partnerships and Limited Liability Companies

None

7. Investment Income

Non admitted / Excluded = None

8. Derivative Investments

None

9. Income Taxes

None (Plan was awarded tax-exempt status by the IRS beginning 1/1/2000)

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. McLaren Health Care Corporation (MHCC), a Michigan non-profit corporation and holding company of various health care entities, is the sole parent of McLaren Health Plan and initially provided to McLaren Health Plan gross paid in and contributed surplus of \$1,140,000.

McLaren Regional Medical Center (MRMC) – subsidiary of MHCC

PHNS was purchased by CONJOIN in November 2010. The merged entity changed its name to Anthelio HealthCare Solutions in early 2011. MHCC still maintained its ownership as a shareholder.

Notes to Financial Statements

Health Advantage Inc. (HA), a wholly owned subsidiary of McLaren Health Plan.

McLaren Health Plan Insurance Company (MHPIC), a wholly owned subsidiary of McLaren Health Plan.

McLaren Health Plan Community (MHPC), a wholly owned subsidiary of McLaren Health Plan.

B. Transactions:

McLaren Health Plan made an investment of \$3,000,000 into McLaren Health Plan Community, which is a wholly owned subsidiary of McLaren Health Plan. This took place on 09/14/11. As of 12/31/11, the company was waiting to receive its certificate of authority.

McLaren Health Plan paid an \$18,000,000 dividend to its parent company, McLaren Health Care Corporation in August 2011.

C. The amount of the transaction for the investment in McLaren Health Plan Community was \$3,000,000.

The amount of the transaction for the dividend to the parent company was \$18,000,000.

D. Due from Affiliates: \$984,668: amounts due from affiliate for administrative services and information system operations support. The amounts are settled monthly.

Due to Affiliates: \$1,441,605: amounts due to affiliate per contract for various administrative support, including personnel and information system operations support. The amounts are settled monthly.

E. Guarantees or undertakings: None

F. Management Agreements between:

- 1) **McLaren Health Plan and McLaren Health Care Corporation:**
McLaren Health Care Corporation agrees to provide certain operational services and other resources to McLaren Health Plan. Amount for CY 2011 = \$1,419,788.
- 2) **McLaren Health Plan and MRMC:**
MRMC agrees to provide certain accounting / resource services to McLaren Health Plan. Amount for CY 2011 = \$6,607.
- 3) **McLaren Health Plan and Anthelio HealthCare Solutions:**
Anthelio HealthCare Solutions agrees to provide certain information technology and telephony services to McLaren Health Plan. Amount for CY 2011 = \$182,330.
- 4) **McLaren Health Plan and HA:**
McLaren Health Plan agrees to provide certain operational, personnel services and other resources to HA. Amount for CY 2011 = \$4,284,731.
- 5) **McLaren Health Plan and MHPIC:**
McLaren Health Plan agrees to provide certain operational, personnel services and other resources to MHPIC. Amount for CY 2011 = \$380,905.

G. Control relationship: None

H. Upstream/downstream activity: None

I. Investment in SCA: None

Notes to Financial Statements

- J. Investments in impaired SCA: None
- K. Investment in foreign insurance subsidiary: None
- L. Investment in downstream noninsurance holding company: None

11. Debt

None

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan
See D Below
- B. Defined Contribution Plans:
McLaren Health Plan employees hired on or after October 1, 2004 will be covered by a qualified defined contribution pension plan sponsored by McLaren Health Plan. Vesting period for contribution matching by McLaren Health Plan is 2 years. For 2011, the employer contribution was \$104,110.
- C. Multiemployer Plans: None
- D. Consolidated/Holding Company Plans:
McLaren Health Plan is a wholly owned subsidiary of McLaren Health Care Corporation, which sponsors a defined benefit pension plan covering substantially all of McLaren Health Plan employees whose employment began prior to Oct 1, 2004. The benefits under the plan are based on years of service and the employee's termination of employment. The plan has no legal obligation for benefits under this plan. The funding policy is to contribute annually an amount in accordance with the standards of the Employee Retirement Income Security Act of 1974. Contributions are intended to provide not only the benefits attributed to services to date, but also those expected to be earned in the future. The Plan's 2011 pension expense amount was \$393,618.
- E. Post employment Benefits and Compensated Absences: They are accrued.
- F. The impact of Medicare Moderization Act on Post Retirement Benefits are not reflected in the financial statements or accompanying notes.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) Capital stock: None
- (2) Preferred stock: None
- (3) Dividend restrictions: The Commissioner (State of Michigan) shall consider the following factors regarding dividends:
 - (a.) The adequacy of the level of surplus as regards policyholders remaining after the dividend payment(s);
 - (b.) The quality of the Plan's earnings and the extent to which the reported earnings include extraordinary items, such as surplus relief insurance transactions and reserve destrengthening;
 - (c.) The quality and liquidity of investments in subsidiaries;
 - (d.) If the Commissioner determines that the Plan's surplus as regards policyholders is not reasonable in relation to the Plan's outstanding liabilities and is not adequate to its financial needs, the commissioner shall limit or disallow the payment of shareholder dividends.
 - (e.) Dividends shall be declared or paid only from earned surplus, unless approved by the Commissioner.
- (4) Date and amount of dividends issued: An ordinary dividend of \$18,000,000 was paid to McLaren Health Plan's parent company, MHCC in August 2011.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

Notes to Financial Statements

- (6) Restrictions placed on surplus: None
- (7) Advances of surplus not paid: None
- (8) Amount of stock held for special purposes: None
- (9) Special surplus funds: None
- (10) Unassigned funds (surplus) represented or reduced: None
- (11) Surplus notes: None
- (12) Quasi-reorganization: None
- (13) Quasi-reorganization: None

14. Contingencies

- A. Contingent Commitments: None
- B. Assessments: None
- C. Gain Contingencies: None
- D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits: None
- E. All Other Contingencies
The Plan is susceptible to various legal actions related to Plan activities. Management is of the opinion that no litigation matters are outstanding or pending that will have a material effect on its financial position or results of operations.

15. Leases

None

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales. None.
- B. Transfer and Servicing of Financial Assets. None
- C. Wash Sales. None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. Fair Value Measurement

None

21. Other Items

- A. Extraordinary Items: None
- B. Troubled Debt Restructuring: Debtors: None
- C. Other Disclosures: None
- D. Balance uncollectible for assets covered by SSAP No. 6. :none
- E. Business Interruption Insurance Recoveries: None
- F. State Transferable Tax Credits: None
- G. Subprime Mortgage Related Risk Exposure: None
- H. Retained Assets

22. Events Subsequent

Notes to Financial Statements

The Plan had no events occurring subsequent to the close of the books or accounts for this statement that may have a material effect on the financial condition of the Plan.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1-General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? No.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? No.

Section 2 - Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

Section 3 - Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business in making this estimate. None.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

B. Uncollectible Reinsurance: None

C. Commutation of Ceded Reinsurance: None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination None

25. Change in Incurred Claims and Claim Adjustment Expenses None

26. Intercompany Pooling Arrangements None

27. Structured Settlements Not Applicable

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

<u>Quarter</u>	<u>Estimated Rebate</u>	<u>Confirmed</u>	<u>90days</u>	<u>91-180 days</u>	<u>>180 days</u>	<u>total receivec</u>
12/31/2011						\$ -
9/30/2011						\$ -
6/30/2011				\$ 91,181.42		\$ 91,181.42
3/31/2011					\$ 99,940.52	\$ 99,940.52
12/31/2010					\$105,807.50	\$ 105,807.50
9/30/2010					\$102,997.25	\$ 102,997.25
6/30/2010				\$ 72,222.52	\$ 32,718.12	\$ 104,940.64
3/31/2010				\$ 14,781.45	\$118,639.14	\$ 133,420.59
12/31/2009				\$ 90,150.21	\$ 64,724.34	\$ 154,874.55
9/30/2009					\$137,819.77	\$ 137,819.77
6/30/2009	\$ -			\$ 77,088.53	\$ 56,887.77	\$ 133,976.30
3/31/2009	\$ -				\$130,637.82	\$ 130,637.82
12/31/2008	\$ 18,011.00	\$ 18,011.00		\$ 22,833.02	\$ 91,475.11	\$ 114,308.13
9/30/2008	\$ -			\$ 88,571.81	\$ 13,306.26	\$ 101,878.07
6/30/2008	\$ -			\$ 78,368.82	\$ 12,974.43	\$ 91,343.25
3/31/2008	\$ -			\$ 10,032.27	\$ 75,484.12	\$ 85,516.39
12/31/2007	\$ -		\$ -	\$ -	\$ 84,400.59	\$ 84,400.59
9/30/2007	\$ 36,412.00	\$ 36,412.00	\$ -	\$ -	\$ 47,499.22	\$ 47,499.22
6/30/2007	\$ 395,493.00	\$395,493.00	\$ -	\$ -	\$ 46,548.41	\$ 46,548.41
3/31/2007	\$ 395,493.00	\$395,493.00	\$ -	\$ -	\$104,715.82	\$ 104,715.82

B. Risk Sharing Receivables - None

29. Participating Policies None
30. Premium Deficiency Reserves None
31. Anticipated Salvage and Subrogation None

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[] Michigan
1.3 State Regulating?
2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
2.2 If yes, date of change: 12/31/2010
3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 10/28/2008
3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 10/28/2008
3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/28/2008
3.4 By what department or departments? MICHIGAN OFFICE OF FINANCIAL & INSURANCE REGULATION
3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]
4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes[] No[X]
4.12 renewals? Yes[] No[X]
4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes[] No[X]
4.22 renewals? Yes[] No[X]
5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

Table with 3 columns: 1 Name of Entity, 2 NAIC Company Code, 3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
6.2 If yes, give full information:
7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
7.2 If yes,
7.21 State the percentage of foreign control 0.000%
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

Table with 2 columns: 1 Nationality, 2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

Table with 7 columns: 1 Affiliate Name, 2 Location (City, State), 3 FRB, 4 OCC, 5 OTS, 6 FDIC, 7 SEC

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? PLANTE AND MORAN LLP, 1111 MICHIGAN AVE. EAST LANSING MI 48823
10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
10.2 If response to 10.1 is "yes," provide information related to this exemption:
10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
10.4 If response to 10.3 is "yes," provide information related to this exemption:
10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]
10.6 If the answer to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? JOHN VATAHA, ASA, MAAA ACTUARY CONSULTANT, 148 VERMEER DRIVE, LANGHORNE, PA 19053

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved

0
- 12.13 Total book/adjusted carrying value

\$0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

Yes[] No[] N/A[X]
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?

Yes[] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers

\$0
- 20.12 To stockholders not officers

\$0
- 20.13 Trustees, supreme or grand (Fraternal only)

\$0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers

\$0
- 20.22 To stockholders not officers

\$0
- 20.23 Trustees, supreme or grand (Fraternal only)

\$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others

\$0
- 21.22 Borrowed from others

\$0
- 21.23 Leased from others

\$0
- 21.24 Other

\$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment

\$0
- 22.22 Amount paid as expenses

\$0
- 22.23 Other amounts paid

\$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$124,490

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3)

Yes[X] No[]
- 24.2 If no, give full and complete information, relating thereto:
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[] No[] N/A[X]
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

\$0
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs.

\$0
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[] No[] N/A[X]
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[] No[] N/A[X]
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending?

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3).

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Pledged as collateral

25.26 Placed under option agreements

25.27 Letter stock or securities restricted as to sale

25.28 On deposit with state or other regulatory body

25.29 Other

Yes[X] No[]

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 1,217,114

\$ 0

25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

27.2 If yes, state the amount thereof at December 31 of the current year.

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[] No[X]

Yes[] No[] N/A[X]

Yes[] No[X]

\$ 0

Yes[X] No[]

1	2
Name of Custodian(s)	Custodian's Address
JPMORGAN CHASE BANK, NA	1111 POLARIS PARKWAY, COLUMBUS OH 43240

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

28.04 If yes, give full and complete information relating thereto:

Yes[] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

28.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

Yes[] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 Total		

29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds			
30.2 Preferred stocks			
30.3 Totals			

30.4 Describe the sources or methods utilized in determining the fair values

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[] No[X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[] No[] N/A[X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any?

\$..... 29,466

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Payne, Payne & Broder	22,031

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1	2
Name	Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ 0

1.62 Total incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ 0

1.65 Total incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ 0

1.72 Total incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ 0

1.75 Total incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	312,289,950	302,633,809
2.2	Premium Denominator	312,289,950	302,633,809
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	38,893,481	38,417,786
2.5	Reserve Denominator	38,893,481	38,417,788
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 515,000

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

ALL ABOVE TOPICS ARE INCLUDED IN ALL PROVIDER CONTRACTS WITH LANGUAGE APPROVED BY OFIR

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 8,642

8.2 Number of providers at end of reporting year

..... 10,380

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 1,029,683

10.22 Amount actually paid for year bonuses

\$ 161,827

10.23 Maximum amount payable withholds

\$ 2,095,898

10.24 Amount actually paid for year withholds

\$ 2,714,433

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[] No[X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such net worth.

MICHIGAN

11.4 If yes, show the amount required.

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

\$ 18,551,600

11.6 If the amount is calculated, show the calculation.

Yes[] No[X]

200% OF AUTHORIZED CONTROL LEVEL

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
ARENAC COUNTY
BAY COUNTY
CLINTON COUNTY
EATON COUNTY
INGHAM COUNTY
GENESEE COUNTY
GRATIOT COUNTY
LAPEER COUNTY

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
OGEMAW COUNTY
OSCODA COUNTY
ROSCOMMON COUNTY
SAGINAW COUNTY
SHIAWASSEE COUNTY
TUSCOLA COUNTY
ISABELLA COUNTY
IONIA COUNTY
MACOMB COUNTY
OAKLAND COUNTY
MONTCALM COUNTY
CLARE COUNTY
GLADWIN COUNTY
MIDLAND COUNTY
IOSCO COUNTY
HURON COUNTY
SANILAC COUNTY
ST. CLAIR COUNTY
WAYNE COUNTY
CHARLEVOIX COUNTY
OAKLAND COUNTY
CHEBOYGAN COUNTY

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$..... 0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$..... 0

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	127,020,031	124,315,304	110,284,769	88,061,002	66,563,106
2. TOTAL Liabilities (Page 3, Line 24)	44,627,189	46,219,861	40,462,217	31,107,361	25,811,275
3. Statutory surplus	18,551,600	17,925,214	16,582,942	12,265,384	10,656,268
4. TOTAL Capital and Surplus (Page 3, Line 33)	82,392,843	78,095,444	69,822,552	56,953,641	40,751,831
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	311,059,479	301,432,817	266,766,990	192,973,205	155,750,783
6. TOTAL Medical and Hospital Expenses (Line 18)	258,546,649	253,236,801	232,944,241	169,669,453	140,564,289
7. Claims adjustment expenses (Line 20)	2,598,939	2,084,395	2,206,229	2,063,392	1,182,354
8. TOTAL Administrative Expenses (Line 21)	27,487,737	27,284,835	19,880,364	6,534,075	5,772,672
9. Net underwriting gain (loss) (Line 24)	22,426,154	18,826,786	11,736,156	14,706,285	8,231,468
10. Net investment gain (loss) (Line 27)	(459,524)	(332,764)	(165,831)	1,544,796	2,734,943
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	21,966,630	18,494,022	11,570,325	16,251,081	10,966,412
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	20,900,571	24,112,153	19,650,853	26,835,330	11,734,369
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	82,392,843	78,095,443	69,822,552	56,953,641	40,751,831
15. Authorized control level risk-based capital	9,275,800	8,962,117	8,291,471	6,132,692	5,328,134
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	93,427	91,918	86,878	71,312	61,524
17. TOTAL Members Months (Column 6, Line 7)	1,107,698	1,073,558	949,132	799,137	720,822
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	82.8	83.7	86.0	82.7	84.5
20. Cost containment expenses	0.2	0.1	0.2	0.2	0.1
21. Other claims adjustment expenses	0.7	0.6	0.7	0.8	0.6
22. TOTAL Underwriting Deductions (Line 23)	92.4	93.4	94.1	86.9	88.7
23. TOTAL Underwriting Gain (Loss) (Line 24)	7.2	6.2	4.3	7.2	4.9
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	30,861,119	29,883,477	22,463,135	14,685,887	17,137,151
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	38,417,846	36,340,383	25,926,863	16,991,242	17,880,394
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)	12,861,713	9,793,521	724,185	464,458	146,036
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31	12,861,713	9,793,521	724,185	464,458	146,036

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

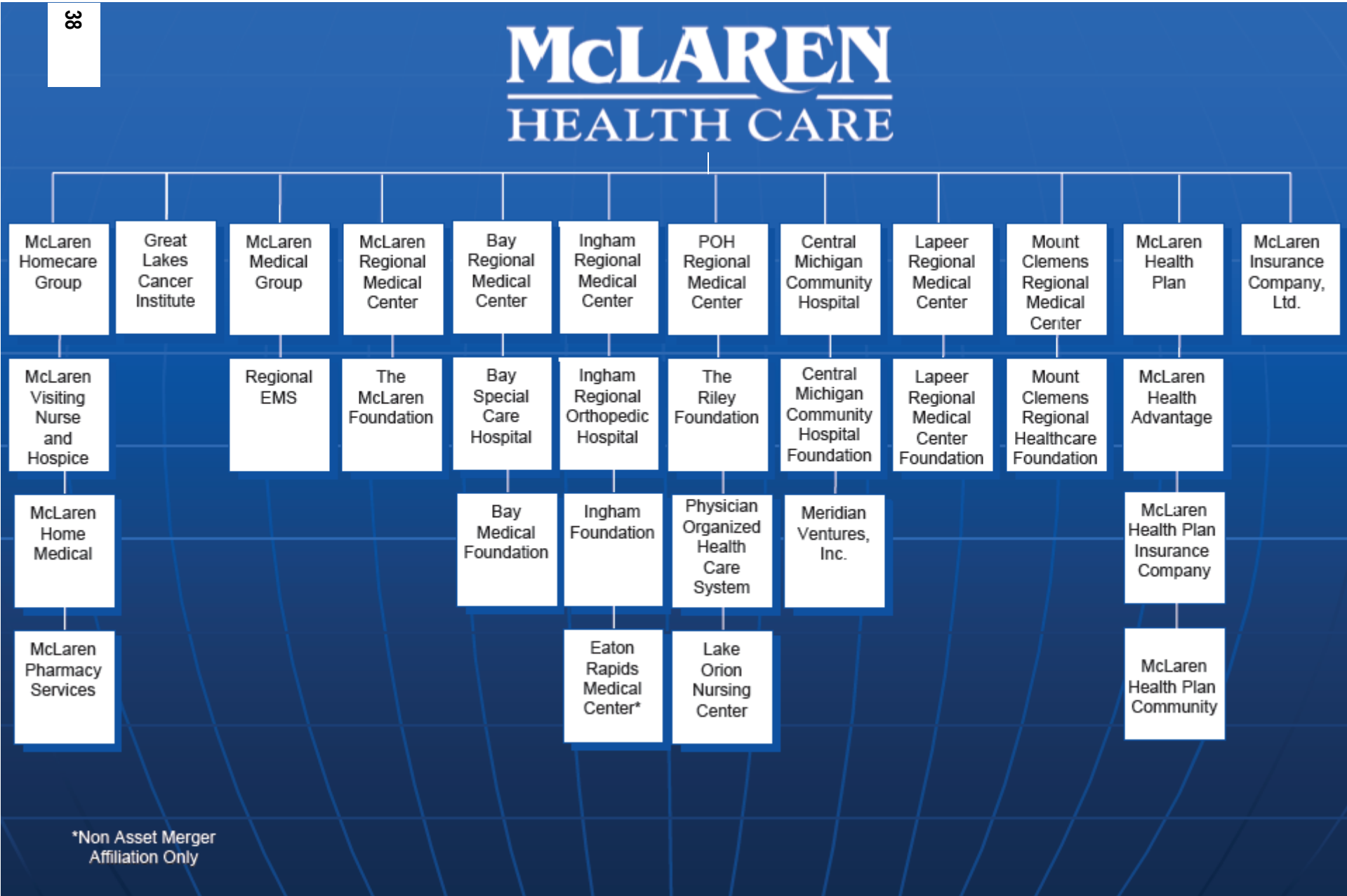
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	57,340,384		256,439,009				313,779,393	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	57,340,384		256,439,009				313,779,393	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 1	57,340,384		256,439,009				313,779,393	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

38



*Non Asset Merger
Affiliation Only

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